

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 EB-08 TRSE-00 COME-00 HA-05 AGRE-00
/099 W

-----118078 140527Z /20

R 111520Z JUL 78
FM AMEMBASSY KIGALI
TO SECSTATE WASHDC 6365
INFO AMEMBASSY LONDON
AMEMBASSY NAIROBI
AMEMBASSY NEW DELHI

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E.O. 11652: N/A
TAGS: PGOV, PINR, SHUM, UG
SUBJECT: ECONOMIC AND POLITICAL CONDITIONS IN UGANDA

1. SUMMARY: INDIAN AMBASSADO RESIDENT IN KAMPALA TOLD
US JULY 10 THAT (A) AMERICAN COMPANIES' REFUSAL TO BUY
UGANDAN COFFEE WAS ALREADY CAUSING SERIOUS ECONOMIC HEAD-
ACHES FOR GOU; (B) FRICTION BETWEEN AMIN AND LEADING
MUSLIM COLLABORATORS WAS SERIOUSLY ERODING AMIN'S POWER
BASE;AND (C) PAST YEAR HAS WITNESSED NOTABLE DECLINE
IN MOST FLAGRANT HUMAN RIGHTS VIOLATIONS. END SUMMARY.

2. INDICAN AMBASSADOR MADAN JEET SINGH, WHO CALLED AT
EMBASSY JULY 10 ONIBRIEF VISIT TO KIGALI, PROVIDED
FOLLOWING INFO ON CONDITIONS IN KAMPALA WHERE HE IS
RESIDENT.

3. COFFEE PROBLEMS CAUSE ECONOMIC DOWNTURN.

-- SINGH REPORTED THAT 15 OF THE 30-ODD AMERICAN
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FIRMS THAT TRADITIONALLY BUY ALMOST ALL OF UGANDA'S
COFFEE HAVE CUT OFF ALL DEALINGS WITH KAMPALA, AND SEVERAL
OTHERS ARE EXPECTED TO FOLLOW SUIT WHETHER OR NOT US
CONGRESS LEGISLATES AN EMBARGO. RESULT IS THAT, ALREADY,
UGANDA IS HAVING SERIOUS PROBLEMS MOVING ITS LAST HARVEST
AND EXPECTS EVEN MORE PROBLEMS AFTER THIS GROWING SEASON.
SINGH SAID THAT MUCH UGANDAN COFFEE WILL CONTINUE TO FIND

ITS WAY TO US VIA EUROPEAN INTERMEDIARIES. HOWEVER, PROBLEM OF UNCERTAIN MARKETS AND DECREASING DEMANDS ARE ILLUSTRATED BY BACKUP OF 170,000 TONS (SIC) OF UGANDAN COFFEE NOW SITTING IN DJIBOUTI AWAITING BUYERS.

-- SINGH SAID THAT, IN A GOOD YEAR, UGANDA CAN PRODUCE OVER 250,000 TONS OF COFFEE, BUT DUE TO MISMANAGEMENT AND UNCERTAINTY OF FOREIGN SALES CURRENT PRODUCTION IS BELOW 175,000 TONS.

-- OBVIOUSLY LARGE QUANTITIES ARE BEING SMUGGLED INTO NEIGHBORING COUNTRIES, INCLUDING RWANDA. ENROUTE TO KIGALI FROM KAMPALA, SINGH SAID HE OBSERVED UGANDAN SOLDIERS DISCHARGING COFFEE FROM A GOVERNMENT TRUCK AT THE RWANDAN BORDER -- PRSUMABLY "SMUGGLERS."

--COFFEE PROBLEMS HAVE CAUSED A NOTABLE WORSENING IN ECONOMIC CONDITIONS GENERALLY, SINGH CONTINUED. GOU DID NOT HUSBAND ITS FOREIGN EXCHANGE WINDFALL DURING GOOD YEARS, AND NOW IT FACED A WERIOUS FX SHORTAGE DUE TO PROFLIGATE SPENDING. MOREOVER, PRICES ON IMPORTED CONSUMER GOODS HAD DOUBLED IN THE PAST SIX MONTHS ALONE, HE SAID.

4. MUSLIM SUPPORT FOR AMIN ERODING.

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-- SINGH SAID THAT VICE PRESIDENT MUSTAFA ADRISI STILL HAS NOT RETURNED FROM CAIRO, WHERE HE WAS SENT FOR TREATMENT FOLLOWING HIS CELEBRATED AUTO "ACCIDENT" (SINGH IS PURSUADED THE ACCIDENT WAS GENUINE, HOWEVER). MEANWHILE, AMIN APPEARS TO BE AT INCREASING LOGGERHEADS WITH A NUMBER OF HIS ERSTWHILE MUSLIM SUPPORTERS, NOTABLY FINANCE MINISTER MOSES ALI. ALI, SAYS SINGH, GOT TOO BIG FOR HIS BRITCHES AFTER BEING OFFERED A WORLD BANK POSITION. WHEN ALI RETURNED FROM RECENT TRIP TO KUALA LUMPUR A MONTH AGO, AMIN DECIDED TO TAKE HIM DOWN A NOTCH AND ACCUSED HIM PUBLICLY (ON TV) OF CORRUPTION AND MISAPPROPRIATION OF FUNDS. ALTHOUGH EVERYONE EXPECTED HIM TO BE FIRED, HOWEVER, ALI REMAINS AT LEAST NOMINALLY IN CHARGE OF FINANCE.

-- ANOTHER RECENTLY FALLEN FROM GRACE, SAID SINGH, IS MINISTER OF PUBLIC SERVICE NSHEKANABO (SINGH DID NOT EXPLAIN WHY8: BRINGING TO SIX THE NUMBER OF PORTFOLIOS NOW VACANT OR IN LIMBO. SINGH SAID THAT AMIN HAD ALSO FILLED THE TOP THREE ARMY STAFF JOBS WITH CHRISTIANS, FURTHER ALIENATING HIS MUSLIM SUPPORTERS.

5. SINGH SAID HE DOUBTED THAT AMIN WOULD SURVIVE PRESENT DOWNTURN IN HIS FORTUNES. APPARENTLY BECAUSE OF THESE PROBLEMS, AMIN HAS ANNOUNCED THAT HE WOULD NOT ATTEND KHARTOUM OAU SUMMIT LATER THIS MONTH, OSTENSIBLY BECAUSE "TANZANIA HAD THREATENED TO INVATE" DURING THIS PERIOD.

6. NO NEW OUTRAGES.

-- SINGH REPORTED THAT, AMONG UGANDAN POPULACE GENERALLY, TENSIONS SEEM TO HAVE EASED IN RECENT MONTHS. INDEED, SINCE SINGH'S ARRIVAL A YEAR AND A HALF AGO, HE HAS NOTICED STEADY DECREASE IN HUMAN RIGHTS OFFENSES AND OUTRAGES. SINCE ASSASSINATION OF ARCHBISHOP ET AL EARLY LAST YEAR, HE IS UNAWARE OF ANY REPEAT ANY POLITICALLY LIMITED OFFICIAL USE

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MOTIVATED KILLINGS. TO CONTRARY, PRESIDENT AMIN APPEARS DETERMINED TO CONVEY A MORE BENIGN, GENEROUS IMAGE, AND HE IS PARTICULARLY SOLICITOUS OF AMERICANS EMPLOYED BY HARRIS CORPORATION BUILDING COMSAT BASE STATION. SINGH'S IMPRESSION IS THAT AMERICANS IN UGANDA ARE INCREASING IN NUMBER (ALTHOUGH HE NOTED THOSE WHO FLEW AMIN'S PERSONAL AIRCRAFT HAVE NOW BEEN REPLACED BY EGYPTIANS. CRIGLER

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